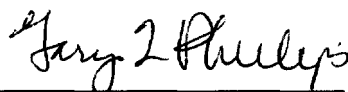


#### IV. CONCLUSION

Slamming is a pervasive form of consumer fraud that regulatory authorities have, to date, been unable to quell. As new telecommunications markets are opened to competition, the incidence of slamming is likely to increase dramatically. Indeed, intraLATA toll slamming is already occurring at rates that can only be characterized as endemic.

Slamming protection is perhaps the only effective means by which consumers can protect themselves against this growing scourge. It is both ironic and disturbing, therefore, that MCI apparently seeks to limit the availability of this consumer protection mechanism and to place a cloud over slamming protection programs with vague and ambiguous rules. Slamming protection must continue to be available to consumers, and it must continue to be offered in a way that ensures its effectiveness. To the extent MCI's proposals are inconsistent with these goals, those proposals should be rejected.

Respectfully Submitted,

A handwritten signature in cursive script, reading "Gary L. Phillips". The signature is written in dark ink and is positioned above a horizontal line.

Gary Phillips  
Mark Kerber  
Counsel for Ameritech  
1401 H Street, N.W. Suite 1020  
Washington, D.C. 20005  
(202) 326-3817

June 4, 1997

**REBUTTAL TESTIMONY OF**  
**LYNNE THOMSON**

Q. Please state your name and business address.

A. My name is Lynne Thomson and my business address is 2000 West Ameritech Center Drive, Hoffman Estates, Illinois 60196.

Q. By whom are you employed and in what capacity?

A. I am employed by Ameritech as a market research manager in the Consumer Services business unit.

Q. Please describe your educational background?

A. I received a BA from the University of North Carolina in 1983, an MBA from Tulane University in 1987 and a Ph.D. in Communications Studies from Northwestern in 1990. The emphasis of my Ph.D. studies was survey research methodology.

Q. Please describe your work experience?

A. I have worked as a market researcher since 1989. From 1989 to 1992 I worked first part time while I was finishing my Ph.D. and then full time in the research department at DDB Needham Worldwide, a large Chicago advertising agency. In 1992 I left Needham to join the research department at McDonald's Corporation in Oak Brook, and in 1994 I came to Ameritech in the same capacity in which I work now.

OFFICIAL FILE

ILL. C.C. DOCKET NO. 96-0075, 96-0084

Amer. R. Exhibit No. 4.0

Witness Thomson

Date 2-14-96 Reporter C.L.

My primary responsibility at McDonald's and now at Ameritech is conducting quantitative and qualitative market research studies to provide consumer insights for business decision making. In general I design studies, select the proper sample of people to interview and write the questionnaires. I hire a research company to actually interview the people I have selected and they return the data to me. I then analyze the data, write reports and otherwise make the findings available to the organization.

Q. Have you testified previously before this Commission?

A. No, I have not.

Q. What is the purpose of this testimony?

A. I will respond to the testimony of Sprint witness Michael Nelson (p. 5) that the problem of slamming "does not exist in the 1+ intraLATA or local markets." Our research in the intraLATA markets in Michigan and Wisconsin shows that this is not true. To the contrary, intraLATA slamming is very common.

Q. Please describe the research.

A. We conducted two separate surveys, one involving 500 Michigan customers and one involving 585 Wisconsin customers, who had their intraLATA PICs switched.

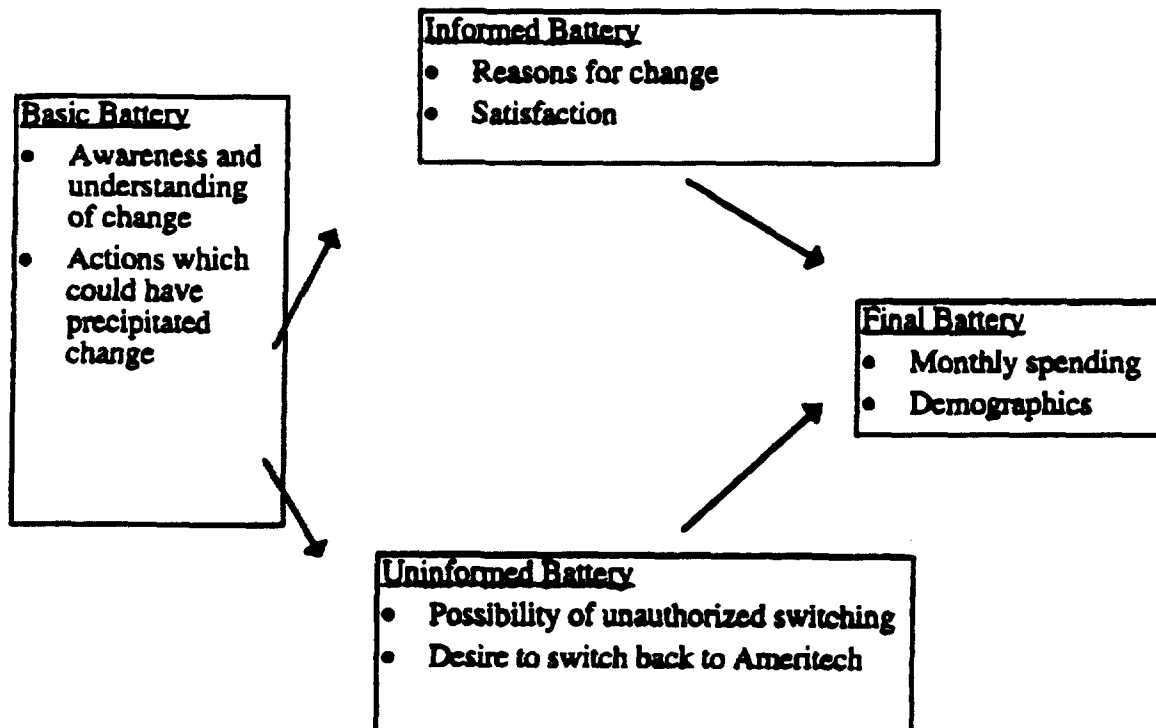
Q. What was the purpose of the Michigan study?

A. On January 1, 1996, 10 percent of Michigan exchanges were opened to IntraLATA toll competition. By mid-January approximately 4,700 Michigan customers had switched carriers. Ameritech's toll product

managers wanted to know why these customers had switched. In particular they wanted to know if there was something about Ameritech's service that caused the switch, or were they responding to an offer from another carrier.

Q. How was that research designed?

A. In addition to determining the specific reasons why customers might have left Ameritech, I also wanted to find out whether customers were aware that they had switched, so I wrote the questionnaire in four separate sections so that the questions would be tailored to their own level of understanding. The questionnaire is fairly complex but the following schematic may make it more understandable.



**Q.** What did you find in the Michigan research?

**A.** As shown in my Exhibit 4.1, we found that two-thirds of the respondents were unaware that their IntraLATA toll PIC had been switched, and that one-half of the respondents appeared to have been slammed. Of the two-thirds of customers who did not realize that they had changed their intraLATA toll PIC, about half of them (one-third of all changed customers) believed they had made an interLATA PIC change, but not an intraLATA change. These customers were soft-slammed. That is, they believed they were changing only their interLATA PIC, but their intraLATA PIC had also been changed. The other third of changed customers could not remember making any PIC change at all. These customers can be divided into customers who were hard-slammed (PICs changed with no customer input at all) and those who are confused. This group is divided approximately equally between hard-slammed customers and confused customers. Thus, in total, about one-third of the customers who changed intraLATA PICs were aware of the change, about one-third were soft-slammed, about one-sixth were hard-slammed and about one-sixth are confused.

**Q.** How reliable are these findings methodologically?

**A.** These findings are quite reliable. We started with a list of customers whose intraLATA PICs were changed. We took that list and sent it to C/J Research in Arlington Heights, Illinois. They do a great deal of telephone surveying for us. They had previously programmed the survey into their CATI system so that interviewers were working off of screens, insuring that the complicated skipping pattern was followed correctly. Their software selected numbers from the list randomly for their interviewers to call. This assures that within the bounds possible with a telephone interview we achieved a random sample of customers on the list.

Given that we completed 500 interviews and that those interviews represent 10% of all of the numbers that had been switched, the maximum sampling error at a 95% confidence level was four percentage points. All of the numbers reported here were different by more than four points, so the findings are statistically significant. As in any study there will be some non-sampling error. However, we followed standard practices in this study and five percent of the interviews were validated by supervisors so I have every reason to believe these results are an accurate picture of our customers' perceptions. Moreover, these findings were very nearly replicated when we ran a slimmed-down version of the same questionnaire in Wisconsin four weeks later.

Q. What was the purpose of the Wisconsin study and how was it designed?

A. When our management team in Wisconsin heard about the very high level of confusion we found in Michigan they wondered if there were similar levels in Wisconsin. They asked us to run a study in their state. Since the purpose of this second study was to document confusion rather than learn why people had consciously chosen to switch we dropped many of the questions from the Informed Battery that was used in Michigan. We also dropped our recent contact requirement to make it as complete a picture of these people as possible. In all we completed 585 surveys in Wisconsin, 25% of the total population.

Q. What did you find in the Wisconsin research?

A. As shown in my Exhibit 4.2, we again found that two-thirds of the respondents were unaware that their intraLATA toll PIC had been switched, and that one-half of the respondents appeared to have been slammed.

**Q.** Based on these studies do you believe any of the companies bringing this complaint may be guilty of slamming customers' intraLATA PIC in both Michigan or Wisconsin?

**A.** Yes, I do. MCI appears to be the worst offender, but we have found people who have switched to each of the big three and had their intraLATA toll PIC switched without their knowledge. The table below outlines the number of people in each study who were unaware their toll had been switched but had recently switched long distance carrier.

	<u>Michigan</u>	<u>Wisconsin</u>
Switched LD	<u>163</u>	<u>222</u>
Switched to MCI	101	115
Switched to AT&T	50	82
Switched to Sprint	-	7
Switched to other/DK	12	18

**Q.** Does this conclude your testimony?

**A.** Yes, it does.

# Ameritech Consumer Unit's First Defectors Study

January, 1996

By Lynne Thomson, Consumer Market Research

## Overview

AT&T appears to be attempting to get their current customers to switch their toll service to them, offering savings on the newly combined bill. In contrast MCI appears to be more or less soft slamming people who switch to it for long distance service. We did not pick up significant mentions of any other carrier.

In addition to this soft slamming there may be significant hard slamming; however, given the high level of confusion many customers may be confused in answering our questions. We need to investigate this more before we make any claims to the PUC.

- We talked to 500 Michigan consumers who have had IntraLATA pic changes filed on their behalf.
  - Sixty-five percent said they were unaware their toll carrier had been changed.
  - The unaware were roughly evenly divided between those who had taken some action such as changing long distance carrier or signing up for a plan that would suggest they had been soft slammed, and those who could not remember any such action, suggesting they were either confused or had been hard slammed.
    - MCI seems to be the worst offender on soft slamming, accounting for two-thirds to AT&T's one-third. No other carrier got significant mentions.
    - A likely estimate is that of the 30% of respondents who don't believe they did anything to bring on the change at least half were confused and the others were hard slammed.
      - Given the difficulties of asking questions in this category we can't tell these two groups apart. However, since as many as 15% of all customers who had pic changes filed may have been slammed we should recontact those people to find out exactly what happened, perhaps getting copies of their bill to see if their InterLATA pic was also changed, and if so to what company.
    - Fourty-four percent of the unaware said they would like to have their toll service switched back to Ameritech, with another twenty percent unsure.
      - Only a small percent of them called the number we gave them right away, suggesting that we can't rely on consumer outrage to bring them back, even if they did not particularly want to go.
  - Of the 35% who were aware they had changed, two-thirds (20% of the total) had simply changed toll carriers, almost always going to AT&T.
    - Overwhelmingly they said they were aware that AT&T and Ameritech were separate companies though they may have become informed by AT&T's direct mail piece or our question.
    - Many of them may have been signing up for a savings plan without realizing it because in the open-ended question they said they switched to get lower prices on long distance and toll calls. There was also some appeal to consolidating all non-local calls with one company.



## IntraLATA Toll Switchers in Michigan

	<u>All Respondents</u>	
	(#)	(%)
<b>Total</b>	<u>500</u>	<u>100%</u>
<b>Aware they had changed toll carrier</b>	177	35%
Just changed pic	104	21%
Changed when changed LD	69	14%
Changed when signed up for plan	4	1%
<b>Not aware</b>	323	65%
Recently changed LD	163	33%
Recently signed up for plan	9	2%
Someone else in house may have authorized	5	-
Appear to be confused	74	15%
Not obviously confused/Likely hard slam	72	14%

### Simple Switching

About 20% of the customers had knowingly switched their toll carrier.

- Eighty-five percent of these went to AT&T.

#### Knowingly changed toll carrier:

##### Did NOT change LD or plan

	<u>#</u>	<u>%</u>
Total	104	
Changed to:		
AT&T	88	85%
MCI	8	8%
MFS	1	1%
Other/DK	7	7%

Customers who switched toll calls to AT&T appeared to be aware that AT&T was different from Ameritech, though we may have sensitized them to this by asking the question.

#### Switched toll to AT&T

	<u>Switched Toll only</u>		<u>Switched w/LD</u>		<u>Switched w new plan</u>	
Knowingly switched toll to AT&T	88		40		4	
Aware AT&T separate	73	83%	27	68%	4	100%
Think the same company	11	13%	12	30%	-	

The key reason for switching was an expectation of moderate savings on both toll charges and the total bill.

	<u>Total bill</u>	<u>Rates for Toll Calls</u>
Much cheaper	12%	14%
Somewhat cheaper	53%	36%
About the same	27%	23%
More expensive	1%	-
DK	8%	28%

## Soft Slamming

**Soft Slamming**  
At least half of the slamming is soft slamming, nearly always coming when the person changed long distance carrier and didn't realize the toll service was also being switched.

- MCI accounted for two-thirds of these, compared to AT&T's one-third.

	<u>Unaware of Change in Toll Carrier</u>	
	(#)	(%)
Unaware of change in toll carrier	<u>323</u>	<u>100%</u>
Apparent soft slam	172	53%
Switched LD	<u>163</u>	50%
Switched to MCI	101	
Switched to AT&T	50	
Switched to other	1	
Signed up for plan	9	3%
Confused/Possible Hard Slam	151	47%

**Customers who switched to MCI were more likely not to realize they had switched their IntraLATA carrier.**

- AT&T appears to be making some effort to inform them of the change.
- Very few of those who were aware they were changing their service said they thought they had to change.

	Company recently switched to for LD				
	<u>MCI</u>		<u>AT&amp;T</u>		<u>Other</u>
	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>
Total changing LD carrier	131		85		16
Unaware change IntraLATA	95	73%	45	53%	12
Aware change IntraLATA	36	27%	40	47%	4
Though were REQUIRED to change*	6		5		0
*of those who were aware they were changing					

## Confusion and Hard Slamming

Thirty percent of the people we talked to could not recall doing anything that would result in their toll service being switched. Moreover, almost all of them said they did not think anyone else in their household would have given permission, whether that person was authorized to do so or not.

In designing the study I had conceptualized of these people as confused and therefore did not ask them which company was their toll carrier. This was because in the past we have found that it doesn't pay to ask many questions of people who are confused since we can't tell what their answers means given their confusion. However, given the relatively large number of these people in this category it may pay to recontact them and try to ascertain whether they were confused or were genuinely slammed. In particular the half who said that the change was in error are likely to actually have been slammed. We have their numbers and can recontact them. We may want to ask them to send us their phone bills or something else that would show if their InterLATA pic has also been switched and if so to what company.

### Unaware/Claimed no change in LD or plans

	<u>#</u>	<u>%</u>
Total	151	
Other person in hh could have made change	5	4%
No one else would have made change		145 96%
Believe change was made in error		
yes	72	48%
no	47	31%
DK	31	21%
Would prefer to be switched back to Ameritech		
yes	80	54%
no	40	27%
DK	29	19%

**February 28, 1996**

**TO: John Schafer- WI Regulatory**  
**c: Lee Valent, Jason Few, Jadine Chou, Mark Kerber, Linda Lantz**  
**FROM: Lynne Thomson**

**Subject: Wisconsin De-Pic-ed Study**

Customers in Wisconsin appear to be largely confused about changes in their IntraLATA pic selection.

We had C/I Research survey 585 Wisconsin customers who had recently had IntraLATA pic changes filed for them. Only one-third were aware that they had chosen to change the company carrying their IntraLATA or toll calls. The others were split between those who appear to have been slammed while changing their LD pic and those who don't believe they did anything to bring about the change, likely slams.

- AT&T appears to be the most aggressive in soliciting clean changes, getting 64% of the changes among people who were aware they were changing.
  - The AT&T changes were coming two-to-one from existing AT&T customers, the rest from people switching to them.
- In contrast, MCI is the most aggressive at slamming, winning half of all customers who appear to have been slammed.
  - 70 percent of customers switching to MCI appear to have been slammed.
- We can't tell from this data who is responsible for what appears to be slams. We may want to obtain permission from these customers to investigate their accounts further.
- Just over half of those who were slammed (everyone who did not remember authorizing a change) would prefer to be changed back to Ameritech.

John, this is what we have found. What form would you like the results in so that they will be most useful to you. I can prepare a short report with a methods section, or something else if you prefer. Please let me know.

Lynne

Only one-third of customers were aware their account had been changed. Fourteen percent said they had not had any contact and believed their accounts had been changed in error. These appear to be classic hard slams. Fourty-one percent had had some contact with a company, but did not believe they had authorized a change. There are thirteen percent whose answers suggest they are confused or otherwise can't be classified.

<u>Wisconsin De-Pic-ed Study</u>		
	<u>Numbers</u>	<u>Percent</u>
Total Surveys	<u>585</u>	<u>100%</u>
Clean Switches	<u>183</u>	<u>31%</u>
Just switched	105	18%
Δ LD/Aware/Not required	77	13%
Δ Plan/Aware/Not required	1	-
Contact Slams	241	41%
Δ LD/Not aware	222	38%
Δ LD/Aware/required	12	2%
Δ Plan/Not aware	5	1%
Δ Plan/Aware/required	2	-
Said not do anything	133	23%
Believe change made in error	84	14%
Other	49	8%
Other confused/DK/No answer	28	5%

Most of the clean switches were to AT&T, most of the slams to MCI.

	<u>Numbers</u>	<u>Switching to</u>			
		<u>AT&amp;T</u>	<u>MCI</u>	<u>Sprint</u>	<u>Other</u>
Clean Switched	<u>183</u>	<u>117</u>	<u>47</u>	<u>4</u>	<u>15</u>
		(64%)	(26%)	(2%)	(8%)
Just switched	105	79	19	1	6
Δ LD/Aware/Not required	77	37	28	3	9
Δ Plan/Aware/Not required	1	1	-	-	-
Slams	<u>241</u>	<u>87</u>	<u>123</u>	<u>8</u>	<u>23</u>
		(36%)	(51%)	(3%)	(10%)
Δ LD/Not aware	222	82	115	7	18
Δ LD/Aware/required	12	1	7	1	3
Δ Plan/Not aware	5	2	1	-	2
Δ Plan/Aware/required	2	2	-	-	-

Just over half of all respondents who appear to have been slammed would prefer to come back to Ameritech for these calls.

	<u>Numbers</u>	<u>Prefer to switch back to Ameritech</u>	
Total slams	402	211	53%
Contact Slams	241	108	45%
Said not do anything	133	90	68%
Other confused/DK/No answer	28	13	46%

<b>Carrier Grand Totals</b>						
	<u>Illinois</u>	<u>Indiana</u>	<u>Michigan</u>	<u>Ohio</u>	<u>Wisconsin</u>	<u>Total</u>
<b>January</b>	<b>2511</b>	<b>840</b>	<b>2084</b>	<b>1952</b>	<b>1290</b>	<b>8677</b>
F Inter	1801	390	927	1049	504	4671
E Intra	1603	0	219	0	430	2252
B Both	524	0	93	0	234	851
<b>Total</b>	<b>3928</b>	<b>390</b>	<b>1239</b>	<b>1049</b>	<b>1168</b>	<b>7774</b>
M Inter	1118	358	985	724	551	3732
A Intra	1038	0	480	0	327	1845
R Both	413	0	150	0	118	681
<b>Total</b>	<b>2567</b>	<b>358</b>	<b>1615</b>	<b>724</b>	<b>996</b>	<b>6258</b>
A Inter	569	463	1258	738	643	3569
P Intra	899	0	1278	0	191	2368
R Both	378	0	502	0	170	1050
<b>Total</b>	<b>1846</b>	<b>463</b>	<b>3036</b>	<b>738</b>	<b>904</b>	<b>6987</b>
M Inter	1396	635	315	1193	475	4014
A Intra	1025	0	21	0	191	1237
Y Both	498	0	0	42	73	613
<b>Total</b>	<b>2919</b>	<b>635</b>	<b>336</b>	<b>1235</b>	<b>739</b>	<b>5864</b>
J Inter	0	0	0	0	0	0
U Intra	0	0	0	0	0	0
N Both	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
J Inter	0	0	0	0	0	0
U Intra	0	0	0	0	0	0
L Both	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
A Inter	0	0	0	0	0	0
U Intra	0	0	0	0	0	0
G Both	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
S Inter	0	0	0	0	0	0
E Intra	0	0	0	0	0	0
P Both	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
O Inter	0	0	0	0	0	0
C Intra	0	0	0	0	0	0
T Both	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
N Inter	0	0	0	0	0	0
O Intra	0	0	0	0	0	0
V Both	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
D Inter	0	0	0	0	0	0
E Intra	0	0	0	0	0	0
C Both	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrier</b>						
<b>Grand Total</b>	<b>13771</b>	<b>2684</b>	<b>8310</b>	<b>5698</b>	<b>5097</b>	<b>35560</b>



# **NEWS RELEASE**

## **Public Service Commission of Wisconsin**

### **"PHONE SLAMMING"--BE AWARE! IT COULD HAPPEN TO YOU**

**Contact: Jeff Butson (608) 267-0912**

**May 31, 1996**

The Public Service Commission of Wisconsin (PSC) cautions consumers to beware of "SLAMMING." Slamming is the telephone industry's term for when a customer's long-distance telephone service is switched from one carrier to another one without the customer's knowledge or consent.

According to the PSC's records, complaints regarding slamming have risen dramatically since the beginning of 1995. The first quarter of 1996 showed the sharpest increase.

#### **TO AVOID BEING SLAMMED:**

- Review your long distance telephone bill closely for irregularities.
- If you receive a call asking you to change long-distance providers, but you do not want to do so, make sure you clearly refuse the caller's services.
- If you are only interested in their information, make sure they understand that you are only interested in receiving information and do not want to be switched at that time.

## **IF YOU HAVE BEEN SLAMMED:**

- Call your local telephone company and ask to be switched back to your original carrier;
- If charges for the calls you made are higher than they would be with your original provider, ask to have your calls re-rated; and
- Ask for Primary Interexchange Carrier (PIC) change protection which means that a local telephone company cannot change a customer's long distance provider without the customer's written consent.

Consumers have the right to be switched back to their original provider at no charge if they have been slammed, however, they may have to pay for any long distance charges incurred while using the unauthorized provider.

For assistance call:

- Your local telephone company,
- The Public Service Commission at 1-800-225-7729, or
- The Better Business Bureau at 1-800-273-1024

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CERTIFICATE OF SERVICE

I, Toni R. Acton, do hereby certify that a copy of the foregoing Ameritech Comments has been hand delivered to the party listed below on this 5th day of June 1997.

By: \_\_\_\_\_

Toni R. Acton

Mary J. Sisak  
Mary L. Brown  
MCI Telecommunications Corporation  
1801 Pennsylvania Avenue, NW  
Washington, DC 20006